



# Federal Energy Regulatory Commission

## February 15, 2018

### Open Commission Meeting

### Staff Presentation

### Item E-1

"Good morning Mr. Chairman and Commissioners.

"Item E-1 is a draft Final Rule on Electric Storage Resource Participation in Markets Operated by Regional Transmission Organizations, or RTOs, and Independent System Operators, or ISOs. The draft Final Rule adopts the Commission's Notice of Proposed Rulemaking with respect to the participation of electric storage resources in the capacity, energy, and ancillary service markets operated by RTOs and ISOs, with certain modifications and clarifications. These reforms are intended to more effectively integrate electric storage resources into RTO and ISO markets. This will enhance competition in these markets and help ensure that they produce just and reasonable rates.

"In the Notice of Proposed Rulemaking, the Commission also proposed reforms related to distributed energy resource aggregations. The draft Final Rule finds that more information is needed with respect to those proposals; therefore, it does not take final action on those proposed reforms. Instead, the Commission and Commission staff are convening a technical conference on April 10th and 11th 2018 in Docket Nos. RM18-9-000 and AD18-10-000. The technical conference will be used to gather additional information to help the Commission determine what action to take on the distributed energy resource aggregation reforms proposed in the Notice of Proposed Rulemaking. In addition to discussing the proposed reforms, Commission staff will use the technical conference as an opportunity to discuss other technical considerations for the bulk power system related to distributed energy resources.

"To remove barriers to the participation of electric storage resources in the RTO and ISO markets, this draft Final Rule requires each RTO and ISO to revise its tariff to establish a participation model consisting of market rules that, recognizing the physical and operational characteristics of electric storage resources, facilitates their participation in the RTO and ISO markets. Specifically, the draft Final Rule provides that the participation model for electric storage resources must (1) ensure that a resource using the participation model for electric storage resources in an RTO and ISO market is eligible to provide all capacity, energy, and ancillary services that it is technically capable of providing; (2) ensure that a resource using the participation model for electric storage resources can be dispatched and can set the wholesale market clearing price as both a wholesale seller and wholesale buyer consistent with rules that govern the conditions under which a resource can set the wholesale price; (3) account for the physical and operational characteristics of electric storage resources through bidding parameters or other means; and (4) establish a minimum size requirement for participation in the RTO and ISO markets that does not exceed 100 kW. The draft Final Rule also requires that the sale of electric energy from the RTO or ISO market to an electric storage resource that the resource then resells back to those markets must be at the wholesale locational marginal price.

"With respect to compliance, the draft Final Rule responds to comments requesting additional time for compliance and requires that each RTO and ISO file any tariff changes needed to implement the requirements of the Final Rule within 270 days of its publication in the Federal Register. The draft Final Rule further states, however, that the Commission will allow each RTO or ISO a further 365 days from that date to implement the tariff provisions.

"Thank you. This concludes our presentation. We would be happy to address any questions that you may have."